

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Zhongshen Jianye Holding Limited

中 深 建 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2503)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Revenue decreased from approximately RMB1,530.9 million for the year ended 31 December 2023 to approximately RMB750.6 million for the year ended 31 December 2024.

Gross profit decreased from approximately RMB89.1 million for the year ended 31 December 2023 to approximately RMB41.3 million for the year ended 31 December 2024.

Profit for the year decreased from approximately RMB31.8 million for the year ended 31 December 2023 to approximately RMB1.9 million for the year ended 31 December 2024.

Net assets as at 31 December 2024 amounted to approximately RMB476.0 million, representing an increase of approximately 27.8% from approximately RMB372.4 million as at 31 December 2023.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Zhongshen Jianye Holding Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the year ended 31 December 2024 together with the comparative figures for the preceding year as follows:

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	3	750,556	1,530,919
Cost of revenue	4	<u>(709,215)</u>	<u>(1,441,773)</u>
Gross profit		41,341	89,146
Administrative expenses	4	(40,030)	(41,210)
Reversal of impairment losses/(impairment losses) on financial assets and contract assets		1,221	(146)
Other income, (losses)/gains — net		<u>(217)</u>	<u>11</u>
Operating profit		<u>2,315</u>	<u>47,801</u>
Finance income		720	912
Finance costs		(2,996)	(2,177)
Finance costs — net	5	<u>(2,276)</u>	<u>(1,265)</u>
Profit before income tax		39	46,536
Income tax credit/(expense)	6	<u>1,905</u>	<u>(14,722)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><u>1,944</u></u>	<u><u>31,814</u></u>
Earnings per share attributable to owners of the Company for the year (expressed in RMB cents per share)			
— Basic	7	<u><u>0.38</u></u>	<u><u>8.24</u></u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		48,423	42,441
Right-of-use assets		337	1,173
Intangible assets		7,056	9,151
Financial asset at fair value through other comprehensive income		5,000	—
Deposits and prepayments		—	305
Deferred income tax assets		10,028	10,333
		<u>70,844</u>	<u>63,403</u>
Current assets			
Inventories		158	362
Contract assets	9	1,016,678	1,209,485
Trade and bills receivables	9	240,360	157,270
Deposits, other receivables and prepayments		198,128	80,318
Amounts due from related parties		443	—
Restricted bank deposits		24,864	24,738
Cash and cash equivalents		96,653	147,140
		<u>1,577,284</u>	<u>1,619,313</u>
Total assets		<u><u>1,648,128</u></u>	<u><u>1,682,716</u></u>
EQUITY			
Share capital		4,681	9
Other reserves		432,164	332,631
Retained earnings		39,131	39,784
Total equity		<u>475,976</u>	<u>372,424</u>

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		43	76
Bank borrowings	11	<u>23,346</u>	<u>26,295</u>
		<u>23,389</u>	<u>26,371</u>
Current liabilities			
Trade and other payables	10	1,104,475	1,248,869
Amount due to related party		—	7
Contract liabilities		11,019	21,987
Bank borrowings	11	33,008	2,989
Current income tax liabilities		—	8,914
Lease liabilities		<u>261</u>	<u>1,155</u>
		<u>1,148,763</u>	<u>1,283,921</u>
Total liabilities		<u><u>1,172,152</u></u>	<u><u>1,310,292</u></u>
Total equity and liabilities		<u><u>1,648,128</u></u>	<u><u>1,682,716</u></u>

NOTES

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 2 February 2021 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the provision of construction services in the People's Republic of China (the "PRC").

Mr. Sang Xianfeng ("Mr. Sang") and Mr. Xian Yurong ("Mr. Xian") are the co-founders of the Group. Mr. Sang is the ultimate controlling shareholder of the Group. The controlling shareholder of the Company is Zhongshen Hengtai Capital Limited, which is a company incorporated in British Virgin Islands with limited liabilities and is solely owned by Mr. Sang.

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2024 (the "Listing Date").

The consolidated financial statements for the year ended 31 December 2024 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 27 March 2025.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The material accounting policies set out below have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention except for the financial assets at fair value through other comprehensive income which has been measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amended standards adopted by the Group

The Group has applied the following amendments to HKFRSs for the first time for the annual reporting year commencing 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these amended standards disclosed did not have any significant impact on the Group's consolidated financial statements.

(b) New standards and amendments not yet effective for the financial period beginning on 1 January 2024 and not early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — Dependent electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements and consequential amendments to other HKFRSs

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements (“**HKAS 1**”). It carries forward many requirements from HKAS 1 unchanged. HKFRS 18 brings major changes to the consolidated statement of comprehensive income and notes to the consolidated financial statements as follows:

- (a) HKFRS 18 requires an entity:
 - (i) to classify income and expenses into operating, investing and financing categories in the consolidated statement of comprehensive income, plus income taxes and discontinued operations;
 - (ii) to present two new defined subtotals, namely, operating profit or loss and profit or loss before financing and income taxes.
- (b) It requires an entity to disclose management-defined performance measures (“**MPM**”) and reconciliations between MPM and subtotals listed in HKFRS 18 or totals or subtotals required by HKFRSs.
- (c) It sets out requirements to help an entity determine whether information about items should be in the primary financial statements or in the notes and provides principles for determining the level of detail needed for the information.

HKFRS 18 also set out classification requirements for foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments.

In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 Basis of Preparation of Financial Statements and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18 and consequential amendments to other HKFRSs are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of comprehensive income and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-makers has been identified as the executive directors of the Company. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segment based on these reports.

The Directors consider the Group's operation from a business perspective and determine that the Group has one operating segment being the provision of construction services.

All revenue was derived from external customers in Chinese Mainland during the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all of the Group's non-current assets were located in the PRC.

Revenue

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from provision of construction services	<u>750,556</u>	<u>1,530,919</u>

All of the Group's revenue is recognised over time.

Revenue from major customers

No customer contributed over 10% of the total revenue of the Group during the year ended 31 December 2024.

There was one customer who contributed 10% or more of the Group's total revenue for the year ended 31 December 2023. Revenue from this customer amounted to RMB197,907,000 for the year ended 31 December 2023.

4 EXPENSES BY NATURE

Expenses included in cost of revenue and administrative expenses are analysed as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	349,231	638,525
Employee benefit expenses and labour subcontracting costs	239,410	513,690
Specialised construction subcontracting costs	78,969	176,392
Equipment and machinery usage costs	54,663	120,059
Design and testing service costs	4,549	4,350
Depreciation and amortisation expenses	5,108	3,535
— Depreciation of property, plant and equipment	2,428	167
— Depreciation of right-of-use assets	585	1,273
— Amortisation of intangible assets	2,095	2,095
Listing expenses	1,563	10,099
Bank charges	683	1,456
Insurance expenses	980	1,503
Taxes, surcharge and levies	2,767	3,098
Professional fees	3,910	787
Travelling and entertainment expenses	2,211	908
Auditors' remuneration	1,305	2,250
Other expenses	3,896	6,331
	<u>749,245</u>	<u>1,482,983</u>

5 FINANCE COSTS — NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
— Interest income from bank deposits	<u>720</u>	<u>912</u>
Finance costs		
— Interest expense on factoring	(1,469)	(1,918)
— Interest expense on borrowings	(1,508)	(169)
— Interest expense on lease liabilities	<u>(19)</u>	<u>(90)</u>
	<u>(2,996)</u>	<u>(2,177)</u>
Finance costs — net	<u>(2,276)</u>	<u>(1,265)</u>

6 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax (credit)/expense	(2,210)	14,589
Deferred income tax expense	<u>305</u>	<u>133</u>
	<u>(1,905)</u>	<u>14,722</u>

7 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

In the calculation of weighted average number of ordinary shares outstanding during the year ended 31 December 2023, the 385,100,000 shares capitalised on 9 January 2024 had been adjusted retrospectively as if those shares had been issued since 1 January 2023.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	1,944	31,814
Weighted average number of ordinary shares in issue	<u>511,986,885</u>	<u>386,100,000</u>
Basic earnings per share (expressed in RMB cents per share)	<u>0.38</u>	<u>8.24</u>

(b) Diluted earnings per share

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential shares outstanding as at 31 December 2024 and 2023.

8 DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2024 (2023: nil).

9 CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

(a) Contract assets

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Unbilled revenue	949,284	1,097,905
Retention monies	<u>90,295</u>	<u>141,501</u>
	<u>1,039,579</u>	<u>1,239,406</u>
Less: provision for impairment of contract assets	<u>(22,901)</u>	<u>(29,921)</u>
	<u><u>1,016,678</u></u>	<u><u>1,209,485</u></u>

(b) Trade and bills receivables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	249,608	140,719
Less: allowance for impairment of trade receivables	<u>(9,248)</u>	<u>(3,449)</u>
Trade receivables — net	<u>240,360</u>	<u>137,270</u>
Bills receivables	<u>—</u>	<u>20,000</u>
	<u><u>240,360</u></u>	<u><u>157,270</u></u>

The Group normally allows credit terms to its customers within one month. Ageing analysis of trade receivables, based on invoice date, was as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	177,332	111,128
1 year to 2 years	43,179	24,580
Over 2 years	<u>29,097</u>	<u>5,011</u>
	<u>249,608</u>	<u>140,719</u>

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,086,289	1,203,236
Other payables and accruals	<u>18,186</u>	<u>45,633</u>
	<u>1,104,475</u>	<u>1,248,869</u>

The ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	284,479	571,640
1 year to 2 years	369,326	278,790
Over 2 years	<u>432,484</u>	<u>352,806</u>
	<u>1,086,289</u>	<u>1,203,236</u>

11 BANK BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current bank borrowings:		
— Secured	56,354	29,284
Less: current portion of non-current bank borrowings	<u>(33,008)</u>	<u>(2,989)</u>
	23,346	26,295
Current bank borrowings:		
Add: current portion of non-current bank borrowings	<u>33,008</u>	<u>2,989</u>
Total bank borrowings	<u><u>56,354</u></u>	<u><u>29,284</u></u>

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Bank borrowings:		
— Fixed rates	30,028	—
— Variable rates	<u>26,326</u>	<u>29,284</u>
	<u><u>56,354</u></u>	<u><u>29,284</u></u>

At 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	33,008	2,989
Between 1 and 2 years	2,949	2,949
Between 2 and 5 years	8,847	8,847
Over 5 years	<u>11,550</u>	<u>14,499</u>
	<u><u>56,354</u></u>	<u><u>29,284</u></u>

12 COMMITMENTS

Capital commitment outstanding at 31 December 2024 and 2023 not provided for in the consolidated financial statements was as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for:		
Unlisted equity security	<u>5,000</u>	<u>—</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a growing private general contracting construction enterprise in the People's Republic of China (the “PRC”) and have been granted five first-grade construction contracting qualifications, including (i) the first-grade qualification in building construction general contracting (建築工程施工總承包一級); (ii) the first-grade qualification in municipal and public construction general construction (市政公用工程施工總承包一級); (iii) the first-grade qualification in foundation construction specialised contracting (地基基礎工程專業承包一級); (iv) the first-grade qualification in building electrical and mechanical installation and engineering specialised contracting (建築機電安裝工程專業承包一級); and (v) the first-grade qualification in building renovation and decoration construction specialised contracting (建築裝修裝飾工程專業承包一級). We also attain six other second-grade construction contracting qualifications covering different specialisations such as petrochemical engineering construction, steel structure construction and environmental protection construction. We were the recipient of the award named “Top 500 Enterprises in Shenzhen” (深圳500強企業) in 2020, 2021, 2022, 2023 and 2024.

We provide our customers with professional and comprehensive construction services as a general coordinator or subcontractor, responsible for the overall coordination and management of a construction project, which cover workplan formulation, labour recruitment, leasing of equipment and machinery, procurement of construction raw materials and quality and construction progress control. The Group primarily engages in the provision of construction services comprising (i) construction engineering works; (ii) municipal and public construction works; (iii) foundation engineering works; and (iv) specialised contracting works.

FINANCIAL REVIEW

Revenue

The Group recorded a decrease in revenue by approximately RMB780.3 million or 51.0% from approximately RMB1,530.9 million for the year ended 31 December 2023 to approximately RMB750.6 million for the year ended 31 December 2024. Such decrease was mainly attributable to the decrease in number of revenue generating construction projects in 2024 as compared to that in 2023.

The following table sets forth the breakdown of our revenue by project type for the years ended 31 December 2024 and 2023:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Construction projects				
Construction engineering projects	417,517	55.6	985,492	64.4
Municipal and public construction projects	269,021	35.9	343,554	22.4
Foundation engineering projects	2,556	0.3	106,132	6.9
Specialised contracting projects	61,462	8.2	95,741	6.3
Total	<u>750,556</u>	<u>100.0</u>	<u>1,530,919</u>	<u>100.0</u>

Construction engineering projects

Construction engineering projects primarily consist of structural and/or engineering works for commercial and residential buildings and community facilities. Revenue generated from construction engineering projects decreased by approximately RMB568.0 million or 57.6% from approximately RMB985.5 million for the year ended 31 December 2023 to approximately RMB417.5 million for the year ended 31 December 2024. Such decrease was mainly attributable to the decrease in revenue recognised from certain projects which were completed or approaching the later stage of development in 2024.

Municipal and public construction projects

Municipal and public construction projects primarily consist of urban and rural public infrastructure construction, including environment improvement works, construction of sewage treatment infrastructure and roadwork. Revenue generated from municipal and public construction projects decreased by approximately RMB74.5 million or 21.7% from approximately RMB343.6 million for the year ended 31 December 2023 to approximately RMB269.0 million for the year ended 31 December 2024. Such decrease was mainly attributable to the decrease in revenue recognised from certain projects which were approaching the later stage of development in 2024.

Foundation engineering projects

Foundation engineering projects primarily consist of earthwork and foundation construction and slope protection work. Revenue generated from foundation engineering projects decreased by approximately RMB103.6 million or 97.6% from approximately RMB106.1 million for the year ended 31 December 2023 to approximately RMB2.6 million for the year ended 31 December 2024. There was no new revenue generating foundation engineering projects for the year ended 31 December 2024, comparing to seven new revenue generating foundation engineering projects for the year ended 31 December 2023.

Specialised contracting projects

Specialised contracting projects primarily consist of building renovation and decoration works services. Revenue generated from specialised contracting projects decreased by approximately RMB34.3 million or 35.8% from approximately RMB95.7 million for the year ended 31 December 2023 to approximately RMB61.5 million for the year ended 31 December 2024. Such decrease was mainly attributable to the completion of most of the existing projects. The Group focuses on securing construction engineering projects and municipal and public construction projects which have a higher contract value.

Cost of revenue

The following table sets forth the breakdown of our cost of revenue by nature for the years ended 31 December 2024 and 2023:

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Raw material costs	349,231	49.3	638,525	44.3
Labour subcontracting costs	215,088	30.3	493,209	34.2
Specialised construction subcontracting costs	78,969	11.1	176,392	12.2
Equipment and machinery usage costs	54,663	7.7	120,059	8.3
Other project costs	<u>11,264</u>	<u>1.6</u>	<u>13,588</u>	<u>1.0</u>
Total cost of revenue	<u>709,215</u>	<u>100.0</u>	<u>1,441,773</u>	<u>100.0</u>

Cost of revenue primarily comprised (i) raw material costs, which represented costs of raw materials used primarily in our construction projects; (ii) labour subcontracting costs, which represented fees paid to subcontractors to provide labour services; (iii) specialised construction subcontracting costs, which represented fees paid to subcontractors to provide certain specialised construction services, usually included costs of equipment and raw materials used in their subcontracted work; and (iv) equipment and machinery usage costs, which represented the costs incurred for leasing equipment and machinery for our construction projects. Each of these costs may vary from project to project depending on various factors, including but not limited to, the scope and complexity of works, the method and sequence of construction, the stages of construction and necessary equipment and machinery.

The decrease in cost of revenue of approximately RMB732.6 million or 50.8% for the year ended 31 December 2024 as compared to that for the year ended 31 December 2023 was in line with the decrease in revenue resulting from the reduced number of revenue generating construction projects for the year ended 31 December 2024.

Gross profit and gross profit margin

The following table sets forth the breakdown of our gross profit and gross profit margin by project type for the years ended 31 December 2024 and 2023:

	Year ended 31 December			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Construction projects				
Construction engineering projects	20,959	5.0	60,826	6.2
Municipal and public construction projects	15,600	5.8	17,728	5.2
Foundation engineering projects	157	6.1	6,260	5.9
Specialised contracting projects	<u>4,625</u>	<u>7.5</u>	<u>4,332</u>	<u>4.5</u>
Total	<u><u>41,341</u></u>	<u><u>5.5</u></u>	<u><u>89,146</u></u>	<u><u>5.8</u></u>

Gross profit margin of construction engineering projects decreased from approximately 6.2% for the year ended 31 December 2023 to approximately 5.0% for the year ended 31 December 2024. Such decrease was primarily attributable to relatively lower profit margin on projects that we acted as subcontractors and increase in raw material costs for certain projects.

Gross profit margin of municipal and public construction projects grew from approximately 5.2% for the year months ended 31 December 2023 to approximately 5.8% for the year ended 31 December 2024. Such growth was primarily attributable to the commencement of certain new projects in the current year which has a relatively higher profit margin.

Gross profit margin of foundation engineering projects remained relatively stable for the years ended 31 December 2024 and 2023.

Gross profit margin of specialised contracting projects generally depends on or would be affected by various factors such as the nature, complexity and duration of the projects concerned.

Administrative expenses

Administrative expenses primarily consists of staff costs, depreciation and amortisation and professional fees.

The decrease in administrative expenses of approximately RMB1.2 million or 2.9% for the year ended 31 December 2024 was mainly attributable to the decrease in listing expenses, partially offset by the increase in staff costs and professional fees.

Finance costs

Finance costs primarily consist of interest expenses on factoring, bank borrowings and lease liabilities. The increase in finance costs for the year ended 31 December 2024 was mainly attributable to the increase in interest expense on bank borrowings.

Income tax credit/(expense)

Income tax credit/(expense) primarily consist of corporate income tax and movements in deferred income tax assets. Income tax credit for the year ended 31 December 2024 was mainly attributable to the reversal of over-provision of PRC corporate income tax in prior years.

Profit and total comprehensive income for the year

As a result of the foregoing, we recorded profit for the year of approximately RMB1.9 million for the year ended 31 December 2024, decreased by approximately 93.9% from approximately RMB31.8 million for the year ended 31 December 2023 which was mainly attributable to the decrease in revenue and gross profit for reasons mentioned in the paragraphs above.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

As at 31 December 2024 and 2023, we had cash and cash equivalents of approximately RMB96.7 million and RMB147.1 million, respectively. Our primary uses of cash were mainly for financing our daily operations and working capital requirements in relation to the execution of our projects, including payment for procurement of raw materials and subcontracting costs.

Bank borrowings

Bank borrowings as at 31 December 2024 represented term loans of approximately RMB56.4 million (2023: RMB29.3 million) and were dominated in RMB. Bank borrowings of approximately RMB30.0 million (2023: nil) bear interest at fixed rates and approximately RMB26.4 million (2023: RMB29.3 million) bear interest at variable rates.

Gearing ratio

Gearing ratio is calculated as total borrowings (i.e. bank borrowings) divided by the total equity as at the respective reporting dates. The gearing ratio was approximately 11.8% as at 31 December 2024 (2023: 7.9%).

Net debt to equity ratio

Net debt to equity ratio is calculated as net debts (i.e. bank borrowings, net of cash and cash equivalents) divided by total equity as at the respective reporting dates.

The net debt to equity ratio was not applicable as at 31 December 2024 and 2023 as the Group had net cash position as at both dates.

Treasury management

The Group has a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business. The management of the Group closely reviews trade receivables balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The management of the Group closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

Capital expenditures and commitments

The Group incurred capital expenditures of approximately RMB8.4 million for the year ended 31 December 2024 (2023: RMB42.0 million).

The Group had capital commitments amounted to approximately RMB5.0 million as at 31 December 2024 (2023: nil).

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that minimal expenditures are denominated in Hong Kong dollars. The Group does not expect to face any significant foreign exchange risk that might have a material impact on the operating results of the Group. The Group has not used any financial instrument to hedge the foreign exchange risk that it is exposed to currently. However, the management of the Group monitors our foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

PLEDGE OF ASSETS

As at 31 December 2024, the Group's land and building with a net carrying amount of approximately RMB44.7 million (2023: assets under construction with a net carrying amount of RMB41.4 million) were pledged to secure certain interest-bearing bank borrowings.

HUMAN RESOURCES

The Directors considered that the Group have maintained good relationships with its employees, and has not experienced any significant problems with employees or any disruptions to operations due to labour disputes, nor has experienced any difficulties in the recruitment or retention of experienced staff or skilled personnel during the year ended 31 December 2024.

As at 31 December 2024, the Group has 237 employees in total, all of them are located in the PRC. The Group recruit employees from the open market by placing recruitment advertisements and offering competitive remuneration packages. Training courses are provided for our staff to ensure their competence and to keep them abreast of the latest developments and best practices in the industry to enhance their work performance. For the year ended 31 December 2024, total staff costs were approximately RMB24.3 million (2023: RMB20.5 million).

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees in the PRC pursuant to the PRC rules and regulations and the existing policy requirements of the local government.

PROSPECT

According to the “14th Five-Year Plan (2021–2025) for National Economic and Social Development” (《國民經濟和社會發展「十四五規劃」(2021–2025)》), it has proposed to speed up the construction of infrastructure in the PRC covering sectors such as transportation, water conservancy and energy facilities, to further improve national basic public services level. Moreover, the provincial government of Guangdong Province has also released a corresponding five-year plan to promote the construction industry, where efforts will be made to strengthen the development of infrastructure and other construction sectors. It is anticipated that the demand for construction services will continue to grow with favourable policies announcement by the PRC government. The total output value of construction market in Guangdong Province has achieved double-digit growth at a CAGR of approximately 13.4% from 2018 to 2022, reaching approximately RMB2,295.7 billion in 2022 and is expected to further grow at a CAGR of approximately 8.3%, reaching approximately RMB3,426.1 billion by 2027. In view of the above, the Group will bestow its extensive experience and knowledge in construction services to solidify and broaden its construction service offerings and enhance its market presence to capture more opportunities in the PRC and in particular in the Guangdong Province.

EVENT AFTER THE REPORTING DATE

On 10 January 2025, the Company entered into six separate subscription agreements with six subscribers in respect of the subscription (the “**Subscription**”) of an aggregate of 102,960,000 shares of the Company (the “**Shares**”) at the subscription price of HK\$0.50 per Share. Such subscription was completed on 6 February 2025. For further details, please refer to the announcements of the Company dated 10 January 2025, 20 January 2025 and 6 February 2025. Save as disclosed in this announcement, there were no significant events which had material effect on the Group subsequent to the end of the reporting period of the Company and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As disclosed in the announcement of the Company dated 10 January 2025, the Company intended to apply net proceeds of approximately HK\$30.0 million from the Subscription for potential acquisition in one or multiple construction companies attained with qualifications and licenses related to municipal and public construction works, such as construction design and urban planning, etc., and with a good track record. As at the date of this announcement, the Group has not entered into any letters of intent or legally binding agreements with respect to such acquisition nor had it identified any definite acquisition targets. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Save as disclosed in this announcement, the Group did not have any other immediate plans for material investments and capital assets.

USE OF PROCEEDS

The Shares were listed on the Main Board of The Stock Exchange on 9 January 2024. The Company intends that the net proceeds (after deducting related underwriting fees and listing expenses) of approximately RMB77.3 million be applied according to the manner and percentage allocation as described under the section headed “Future plans and use of proceeds” in the prospectus of the Company dated 28 December 2023 (the “**Prospectus**”). The following table sets forth the status of the use of the net proceeds as at 31 December 2024:

	Net proceeds to be applied in the percentage allocation stated in the Prospectus <i>RMB million</i>	Utilised net proceeds up to 31 December 2024 <i>RMB million</i>	Unutilised net proceeds as at 31 December 2024 <i>RMB million</i>	Expected timeline for utilising the unutilised net proceeds
(1) Funding the capital needs and cash flow of certain projects	35.3	35.3	—	N/A
(2) Acquiring equipment and machinery	31.9	1.5	30.4	By 31 December 2025
(3) Hiring additional manpower	5.4	0.9	4.5	By 31 December 2026
(4) Working capital and other general corporate purposes	<u>4.7</u>	<u>4.7</u>	<u>—</u>	N/A
Total	<u><u>77.3</u></u>	<u><u>42.4</u></u>	<u><u>34.9</u></u>	

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**2025 AGM**”) will be held on Friday, 16 May 2025. The notice of AGM will be published and despatched to the Company’s shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 12 May 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with the code provisions in the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules since the Listing Date and up to the date of this announcement.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Kingsway Capital Limited as its compliance adviser (the “**Compliance Adviser**”). Except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company.

AUDIT COMMITTEE

The primary duties of the audit committee of the Board are to review and supervise the Group's financial report process and internal control and risk management systems, and to formulate or review policies relating to anti-bribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation and to communicate with external auditor on the audit strategy. The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 December 2024 and above annual results.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, Crowe (HK) CPA Limited ("**Crowe**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe in this preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be made available to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

On behalf of the Board
Zhongshen Jianye Holding Limited
Sang Xianfeng
Chairman and Executive Director

Hong Kong, 27 March 2025

As at the date of this announcement, the executive Directors are Mr. Sang Xianfeng and Mr. Xian Yurong; and independent non-executive Directors are Ms. Liu Zhihong, Mr. Zeng Qingli and Mr. Xie Huagang.